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Code No. : 31124

**VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD**  
**B.E. (CSE) III Year I-Semester Main & Backlog Examinations, December-2017**  
**Managerial Economics and Accountancy**

Time: 3 hours

Max. Marks: 70

*Note: Answer ALL questions in Part-A and any FIVE from Part-B*

**Part-B (10 × 2 = 20 Marks)**

1. What do you understand by macroeconomics?
2. Explain discounting principle.
3. What is equilibrium?
4. Illustrate marginal revenue.
5. Discuss economies of scale.
6. List the market structures.
7. Explain payback period.
8. Examine capital budgeting.
9. Discuss what 'Journal' is.
10. Examine the significance of three column cash book.

**Part-B (5 × 10 = 50 Marks)**

**(All bits carry equal marks)**

11. a) Explain the relationship of Managerial Economics with other subjects.  
b) Discuss the utility of managerial economics to engineers.
12. a) State the law of demand and explain the determinants of demand.  
b) Interpret the various elasticities of demand.
13. a) Draw the breakeven chart and explain its components.  
b) How is the price output determination done under monopoly?
14. a) Explain the discounted cash flow techniques.  
b) A Company has an investment opportunity costing Rs.40,000 with the following expected cash flows after taxes

Year	1	2	3	4	5	6	7	8	9	10
CFAT	7,000	7,000	7,000	7,000	7,000	8,000	10,000	15,000	10,000	4,000

Using 10% cost of capital determine net present value.

15. a) Examine the principles of double entry system of book keeping.  
 b) Consider the following information of AllTech Ltd.

**Balance Sheet of AllTech Ltd**  
*as on 31 December 2015*

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share Capital	15,56,000		
10% debentures	10,00,000	<b>Fixed Assets:</b>	
<b>Current Liabilities:</b>		Equipments: 12,00,000	
Creditors	3,00,000	Less: Depreciation 1,60,000	10,40,000
Bank Loan	6,00,000	<b>Current Assets:</b>	
		Cash	3,60,000
		Debtors	4,80,000
		Stock	13,20,000
		Prepaid Expenses	2,56,000
<b>Total</b>	<b>34,56,000</b>	<b>Total</b>	<b>34,56,000</b>

**Profit and Loss Account of AllTech Ltd**  
*for the year ended 31 December 2015*

Sales	6,90,000
Cost of Goods sold	3,00,000
Gross Profit	3,90,000
Operating Expenses	1,80,000
PBIT	2,10,000
Interest	48,000
PBT	1,62,000
Tax	54,000
PAT	1,08,000

From the above information you are required to calculate the following ratios.

<i>Ratios</i>	<i>AllTech Ltd</i>
Current Ratio	
Quick Ratio	
Debt Equity Ratio	

16. a) Distinguish between risk and uncertainty.  
 b) Differentiate Point and Arc Elasticity of demand.
17. Answer any *two* of the following:  
 a) Elaborate the properties of isoquant.  
 b) Discuss the short term sources of finance.  
 c) How is trial balance prepared?